



JOHN TYLER COMMUNITY COLLEGE

REVIEW REPORT FOR THE YEAR ENDED JUNE 30, 2021

Auditor of Public Accounts
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Commonwealth of Virginia

Auditor of Public Accounts

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P.O. Box 1295
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April 7, 2022

Dr. Ted Raspiller
President, John Tyler Community College

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

We have reviewed the accompanying financial statements of **John Tyler Community College** (College), which comprise the Statement of Net Position as of June 30, 2021, and the related Statements of Revenues, Expenses, and Changes in Net Position, and Cash Flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of College management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services (SSARSs) promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We have not reviewed the financial statements of John Tyler Community College Foundation, Inc. or John Tyler Community College Real Estate Foundation, both discretely presented component units of John Tyler Community College, which are presented in separate columns in the accompanying financial statements. The statements for John Tyler Community College Foundation, Inc. were audited by another auditor whose report has been furnished to us, and our conclusion, insofar as it relates to the amounts included for the John Tyler Community College Foundation, Inc. is based solely on the report of other auditors. The statements for John Tyler Real Estate Foundation have not been audited.

SSARs require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, except for the issue noted in the Known Departures from Accounting Principles Generally Accepted in the United States of America paragraph, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Accounting standards generally accepted in the United States of America define assets as resources with present service capacity that the government presently controls. As such, preparers of financial statements record existing assets in the Statement of Net Position as positive balances. John Tyler Community College's Statement of Net Position includes a negative balance in restricted cash and cash equivalents in the noncurrent assets section of the statement. This negative balance relates primarily to expenses incurred for capital projects, which have not yet been reimbursed by the Virginia College Building Authority. The Statement of Net Position for John Tyler Community College includes related amounts due from the Commonwealth that, when included in aggregate with the negative cash balance, eliminate the negative cash in its entirety. As noted in the paragraph below, disclosure related to this matter is not available due to a known departure from accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.

Known Departures From Accounting Principles Generally Accepted in the United States of America

Accounting principles generally accepted in the United States of America require that the financial statements for business-type entities include notes to the financial statements, which are considered part of the basic financial statements. The Virginia Community College System (System) consolidates information from its 23 community colleges into the basic financial statements for the System; however, the System does not prepare note disclosures for each individual college. In addition, the System does not prepare for each college certain required supplementary information, such as management's discussion and analysis and pension and other postemployment benefit-related schedules, which are required to be presented to supplement the basic financial statements. Required supplementary information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. The effect of these departures from accounting principles generally accepted in the United States of America has not been determined.

Other Matters

John Tyler Community College is one of 23 community colleges that comprise the Virginia Community College System, which is a component unit of the Commonwealth of Virginia. Federal funds received by the Commonwealth of Virginia are audited at a statewide level by the Auditor of Public Accounts in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). As part of the statewide Single Audit of federal funds, the Auditor of Public Accounts audits federal student financial aid at Virginia's state-supported colleges and universities. The Auditor of Public Accounts audited John Tyler Community College's federal student aid programs in fiscal year 2015 and performed follow-up procedures in fiscal years 2016 and 2017 and did not report any material compliance issues. An additional audit of financial aid is ongoing as part of the fiscal year 2021 System financial statement audit. Copies of our audits of the financial statements of the Virginia Community College System along with copies of our statewide Single Audits may be found on our website at www.apa.virginia.gov.

This letter is intended solely for the information and use of the accreditation review board and is not intended to be and should not be used by anyone other than this specified party. However, this letter is a matter of public record and its distribution is not limited.

Staci A. Henshaw
AUDITOR OF PUBLIC ACCOUNTS

JMR/vks

**Virginia Community College System
John Tyler Community College
Statement of Net Position
As of June 30, 2021**

		Component Units	
	Community College	John Tyler Community College Educational Foundation	John Tyler Community College Real Estate Foundation
Assets			
Current Assets			
Cash and cash equivalents	\$ 10,005,777	\$ 169,596	\$ 98,566
Short term investments	1,377,143	-	-
Accounts receivable, net	1,122,595	-	-
Pledges receivable	-	164,022	-
Inventories	17,513	-	-
Total Current Assets	<u>12,523,028</u>	<u>333,618</u>	<u>98,566</u>
Noncurrent Assets			
Restricted cash and cash equivalents	(71,909)	-	-
Endowment cash and cash equivalents	-	185,106	-
Endowment investments	-	7,790,327	-
Other long-term investments	140,508	-	-
Pledges receivable	-	32,718	-
Due from commonwealth	73,758	-	-
Post employment benefit assets	681,530	-	-
Non-depreciable capital assets	10,048,170	-	-
Depreciable capital assets, net	96,464,224	-	-
Total Noncurrent Assets	<u>107,336,281</u>	<u>8,008,151</u>	<u>-</u>
Total Assets	<u>119,859,309</u>	<u>8,341,769</u>	<u>98,566</u>
Deferred Outflows of Resources	<u>6,079,538</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>125,938,847</u>	<u>8,341,769</u>	<u>98,566</u>
Liabilities			
Current Liabilities			
Accounts and retainage payable	789,098	77,941	-
Accrued payroll expense	1,803,718	-	-
Unearned revenue	1,421,914	-	-
Long-term liabilities-current portion	841,219	-	-
Securities lending obligation	5	-	-
Post employment benefit obligations	112,582	-	-
Deposits	2,881,346	-	-
Total Current Liabilities	<u>7,849,882</u>	<u>77,941</u>	<u>-</u>
Noncurrent Liabilities			
Long-term liabilities	5,076,124	-	-
Pension and post employment benefit obligations	27,803,976	-	-
Total Noncurrent Liabilities	<u>32,880,100</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>40,729,982</u>	<u>77,941</u>	<u>-</u>
Deferred Inflows of Resources	<u>4,025,359</u>	<u>-</u>	<u>-</u>
Total Liabilities and Deferred Inflows of Resources	<u>44,755,341</u>	<u>77,941</u>	<u>-</u>
Net Position			
Net investment in capital assets	101,603,639	-	-
Restricted for:			
Nonexpendable	-	2,583,928	-
Expendable	2,087,504	3,184,095	-
Unrestricted	(22,507,637)	2,495,805	98,566
Total Net Position	<u>\$ 81,183,506</u>	<u>\$ 8,263,828</u>	<u>\$ 98,566</u>

See Independent Accountant's Review Report

Virginia Community College System
John Tyler Community College
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2021

		Component Units	
	Community College	John Tyler Community College Foundation, Inc.	John Tyler Community College Real Estate Foundation
Revenues			
Operating Revenue			
Tuition and fees (net of scholarship allowance of \$6,998,190)	\$ 15,173,131	\$ -	\$ -
Federal grants and contracts	459,131	-	-
State and local grants	367,123	-	-
Nongovernmental grants	147,733	-	-
Auxiliary enterprises (net of scholarship allowance of \$0)	583,414	-	-
Gifts and contributions	-	331,534	-
Endowment income	-	1,534,873	-
Other operating revenues	451,844	559,192	2,500
Total Operating Revenue	17,182,376	2,425,599	2,500
Expenses			
Operating Expenses			
Instruction	24,904,727	-	-
Public service	-	-	-
Academic support	3,775,843	359,551	-
Student services	4,904,653	-	-
Institutional support	9,170,411	300,896	5,883
Operation and maintenance	4,857,522	-	-
Scholarships and fellowships	3,349,893	373,059	-
Auxiliary enterprises	73,680	-	-
Fundraising	-	251,403	-
Total Operating Expenses	51,036,729	1,284,909	5,883
Operating Income (Loss)	(33,854,353)	1,140,690	(3,383)
Nonoperating Revenues(Expenses)			
State appropriations	21,769,613	-	-
Local appropriations	86,521	-	-
Grants and gifts	11,362,777	-	-
Investment income	8,191	(127)	113
Interest on capital asset related debt	(76,703)	-	-
Other nonoperating revenue (expense)	(339,025)	-	-
Net Nonoperating Revenue	32,811,374	(127)	113
Income before other revenues, expenses gains (losses)	(1,042,979)	1,140,563	(3,270)
Capital appropriations-state	671,921	-	-
Capital appropriations-local	-	-	-
Capital gifts, grants and contracts	72,720	2,885	-
Additions to permanent and term endowments	-	62,575	-
Increase (Decrease) in Net Position	(298,338)	1,206,023	(3,270)
Net Position			
Net Position beginning of year	81,481,844	7,057,805	101,836
Net Position end of year	\$ 81,183,506	\$ 8,263,828	\$ 98,566

See Independent Accountant's Review Report

Virginia Community College System
John Tyler Community College
Statement of Cash Flows
For the Year Ended June 30, 2021

	<u>Community College</u>
Cash flows from operating activities:	
Tuition and fees	\$ 15,479,610
Grants and contracts	800,686
Payments to suppliers and others	(9,530,915)
Payments for employee wages	(26,965,022)
Payments for employee fringes and pension benefits	(8,130,986)
Payment for scholarships	(3,427,347)
Payments for utilities	(753,726)
Auxiliary	607,059
Other	<u>1,493,210</u>
Net cash used by operating activities	<u><u>(30,427,431)</u></u>
Cash flows from non-capital financing activities:	
State appropriations	21,769,613
Local appropriations	86,521
Grants and gifts	11,362,777
Custodial receipts	720
PLUS, Stafford and Direct Lending loan receipts	2,493,032
PLUS, Stafford and Direct Lending loan disbursements	(2,493,032)
Other non-operating revenue(expense)	<u>(418,988)</u>
Net cash provided (used) by non-capital financing activities	<u><u>32,800,643</u></u>
Cash flows from capital and related financing activities:	
Capital appropriations-state	1,117,898
Capital grants and gifts	72,415
Purchase capital assets	(965,524)
Proceeds from sale of capital assets	79,963
Debt interest payments	(95,505)
Debt principal payments	<u>(280,000)</u>
Net cash provided (used) by capital financing activities	<u><u>(70,753)</u></u>
Cash flows from investing activities:	
Purchases of investments	(193,402)
Sale of investments	428,676
Investment income	<u>11,104</u>
Net cash provided (used) by investing activities	<u><u>246,378</u></u>
Net increase (decrease) in cash and cash equivalents	2,548,837
Cash and cash equivalents, beginning of year	<u>7,385,026</u>
Cash and cash equivalents, end of Year	<u><u>\$ 9,933,863</u></u>
Reconciliation of operating income (loss) to net cash used in operating activities:	
Operating income (loss)	(33,854,353)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation expense	3,244,800
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	62,674
Prepaid expenses and other	4,447
Post employment benefits asset	(62,985)
Accrued compensation and leave	142,510
Accounts payable and other	314,071
Unearned revenue	(887,118)
Deposits pending distribution	981,267
Pension liability	3,049,506
Post employment benefits liability	(875,047)
Deferred inflows of resources related to pensions and post employment benefits	(1,555,321)
Deferred outflows of resources related to pensions and post employment benefits	<u>(991,882)</u>
Net cash used in operating activities	<u><u>\$ (30,427,431)</u></u>
Reconciliation of cash and cash equivalents:	
Cash and cash equivalents per Statement of Net Position	9,933,868
Less: Securities Lending Cash Equivalents	<u>5</u>
Cash and cash equivalents end of year	<u><u>\$ 9,933,863</u></u>
Noncash transactions	
Donated fixed assets	\$ 305
Amortization of bond premium	\$ (9,079)
Unrealized Gain/(loss) on investments	\$ (2,913)
Deferral on bond refunding	\$ (87,200)

See Independent Accountant's Review Report